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100TH CONGRESS  
1ST SESSION

# H. R. 2287

To establish a Federal Practices Review Commission.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 4, 1987

Mr. SHAW (for himself, Mr. LAGOMARSINO, Mr. HUTTO, Mr. DANIEL, Mr. PETRI, Mr. BEVILL, Mr. HENRY, Mr. SKEEN, Mr. WORTLEY, Mr. ERDREICH, Mr. HILER, Ms. KAPTUR, Mr. BARNARD, Mr. NIELSON of Utah, Mr. BROWN of Colorado, Mrs. BENTLEY, Mrs. MEYERS of Kansas, Mr. HORTON, Mrs. MARTIN of Illinois, Mr. OLIN, Mr. NEAL, Mr. WOLF, Mr. DAUB, Mr. STENHOLM, Mr. HUGHES, Mr. CLINGER, Mr. BADHAM, Mr. FLIPPO, and Mr. DIOGUARDI) introduced the following bill; which was referred to the Committee on Government Operations

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## A BILL

To establish a Federal Practices Review Commission.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       TITLE I—TITLE, STATEMENT OF FINDINGS,  
4               PURPOSE, AND LIMITATIONS

5       SEC. 101. SHORT TITLE.

6       This Act may be cited as the “Federal Accounting  
7       Practices Review Commission Act of 1987”.

1 **SEC. 102. STATEMENT OF FINDINGS.**

2 (A) Financial information provided to Congress, the  
3 President, and the public concerning the financial condition  
4 and operations of the Federal Government is incomplete, in-  
5 consistent, unreliable, and untimely.

6 (B) Current financial reporting practices do not dis-  
7 close—

8 (1) the actual cost of operations,

9 (2) the financial position of the government,

10 (3) the current and probable future costs of pro-  
11 grams,

12 (4) the comparison of actual costs and accomplish-  
13 ments to budget plans, and

14 (5) the timely information needed for efficient  
15 management.

16 (C) Agency reports for the last three years under the  
17 Federal Manager's Financial Integrity Act cite serious and  
18 often longstanding problems with financial management  
19 which have resulted in wasteful spending and losses involving  
20 billions of dollars.

21 (D) Approximately half of the Government's accounting  
22 systems, covering almost \$700,000,000,000 in fiscal 1985,  
23 still do not conform to the standards established by the  
24 Comptroller General.

1 (E) This situation hampers congressional oversight and  
2 decision making and adds significantly to the cost of govern-  
3 ment.

4 **SEC. 103. STATEMENT OF PURPOSE.**

5 The purpose of this Act is to establish a temporary  
6 Commission which will centralize accounting reform efforts,  
7 design a unified financial management system, provide de-  
8 tailed instructions for the implementation of such a system,  
9 and establish a timetable for said implementation.

10 **SEC. 104. LIMITATIONS.**

11 The Commission established by this Act shall limit its  
12 activities to the improvement of the meaningful communica-  
13 tion of information concerning financial decisions and activi-  
14 ties and the implementation of accounting systems to facili-  
15 tate such communication. It shall not be within the scope of  
16 the Commission's authority to address the nature of the out-  
17 come of such decisions.

18 **TITLE II—ESTABLISHMENT, DUTIES, AND**  
19 **MEMBERSHIP**

20 **SEC. 201. ESTABLISHMENT.**

21 There is established a Commission to be known as the  
22 Federal Accounting Practices Review Commission (herein-  
23 after in this Act referred to as the "Commission").

24 **SEC. 202. DUTIES OF THE COMMISSION.**

25 The duties of the Commission shall be as follows:

1           (A) Examine and describe the accounting, audit-  
2           ing, financial reports, and financial management prac-  
3           tices of the Federal Government and agencies of the  
4           Federal Government.

5           (B) Formulate a financial accounting and manage-  
6           ment system for use by Federal agencies, which  
7           shall—

8                   (1) be based on practices recognized by the  
9                   American Institute of Certified Public Account-  
10                  ants;

11                  (2) recognize and allow for the different man-  
12                  agement structures and reporting needs of Federal  
13                  agencies; and

14                  (3) include—

15                          (a) standardized concepts and termi-  
16                          nology,

17                          (b) uniform reporting forms for use in  
18                          communications among such agencies and  
19                          other branches of the Federal Government,  
20                          including—

21                                  (i) annual balance sheets,

22                                  (ii) annual revenue and expenditure  
23                                  statements, and

24                                  (iii) annual statements of changes  
25                                  in financial position,

1 (c) uniform procedures for—

2 (i) cash-flow reporting,

3 (ii) asset acquisition and consump-  
4 tion reporting,

5 (iii) incurring and retirement of li-  
6 abilities, and

7 (d) capital investment budgeting and re-  
8 porting procedures for each agency.

9 (C) Prepare a plan for implementation of such  
10 system that includes—

11 (1) drafts of any legislation, regulations, and  
12 Executive orders that may be necessary for imple-  
13 mentation of system by all agencies of the Federal  
14 Government;

15 (2) time limits for implementation of various  
16 elements of such system and for implementation of  
17 the entire system;

18 (3) a review of the functions of Federal agen-  
19 cies for the purpose of proposing an appropriate  
20 agency to—

21 (a) monitor the implementation of such  
22 system, and

23 (b) issue such directives as may be nec-  
24 essary to ensure completion of such imple-

1                   mentation in accordance with the time limits  
2                   referred to in subparagraph (2); and  
3                   (4) a procedure for periodic review by Con-  
4                   gress of the progress of such implementation.

5                   (D) Recommend an ongoing method for determin-  
6                   ing and updating generally accepted accounting princi-  
7                   ples for the Federal Government.

8   **SEC. 203. MEMBERSHIP.**

9                   (A) **NUMBER AND APPOINTMENT.**—The Commission  
10 shall be composed of fifteen members appointed by the Presi-  
11 dent within ninety days after the date of the enactment of  
12 this Act, as follows:

13                  (1) At least three members shall have experience  
14                  in establishing accounting standards for State or local  
15                  governments or for private sector organizations.

16                  (2) At least three members shall have experience  
17                  in at least one executive agency and shall be familiar  
18                  with the preparation of financial reports and accounting  
19                  practices of Federal agencies.

20                  (3) At least three members shall have experience  
21                  as a member of Congress and shall be familiar with the  
22                  congressional budget and appropriation processes.

23                  (B) **VACANCIES.**—A vacancy in the Commission shall  
24 be filled in the manner in which the original appointment was  
25 made.

1 (C) **TERMS.**—Members shall be appointed for the life of  
2 the Commission.

3 (D) **BASIC PAY.**—

4 (1) Except as provided in paragraph (B), members  
5 of the Commission shall serve without pay.

6 (2) Members of the Commission who are not offi-  
7 cers or employees of the Federal Government shall be  
8 allowed travel and transportation expenses, including  
9 per diem in lieu of subsistence, under section 5703 of  
10 title 5, United States Code.

11 **TITLE III—ADMINISTRATION**

12 **SEC. 301. MEETINGS.**

13 (A) **CHAIRMAN.**—One member of the Commission shall  
14 be chosen by a majority of its members to serve as the Chair-  
15 man of the Commission.

16 (B) **QUORUM.**—A majority of members of the Commis-  
17 sion shall constitute a quorum but a lesser number may hold  
18 hearings.

19 (C) **MEETINGS.**—The Commission shall meet at the call  
20 of the Chairman or a majority of its members.

21 **SEC. 302. DIRECTOR AND STAFF.**

22 (A) **DIRECTOR.**—

23 (1) The Commission shall have a director who  
24 shall be appointed by the Chairman.



1           (2) The director shall be paid at a rate not to  
2       exceed the maximum rate payable for GS-16 of the  
3       General Schedule.

4       (B) STAFF.—Subject to the approval of a majority of  
5       the members of the Commission, the Chairman may appoint  
6       and fix the pay of such personnel as the Chairman considers  
7       appropriate.

8       (C) APPLICABILITY OF CERTAIN CIVIL SERVICE  
9       LAWS.—The director and staff of the Commission shall be  
10      appointed subject to the provisions of title 5, United States  
11      Code, governing appointments in competitive service, and  
12      shall be paid in accordance with the provisions of chapter 51  
13      and subchapter III of chapter 53 of such title relating to  
14      classification and General Schedule pay rates.

15      (D) EXPERTS AND CONSULTANTS.—

16           (1) With the approval of the Commission, the  
17      Chairman may procure temporary and intermittent  
18      services under section 3109(b) of title 5 of the United  
19      States Code.

20           (2) Pay for services procured under this subsection  
21      may be at a rate in excess of the daily equivalent of  
22      the highest rate payable under section 5332 of title 5  
23      of the United States Code.

24      (E) STAFF AND FEDERAL AGENCIES.—Upon request  
25      of the Commission, the head of any Federal agency is author-

1 ized to detail, on a reimbursable basis, any of the personnel of  
2 such agency to the Commission to assist the Commission in  
3 carrying out its duties under this Act.

4 **SEC. 303. POWERS.**

5 (A) **HEARINGS AND SESSIONS.**—The Commission may,  
6 for the purpose of carrying out this Act, hold such hearings,  
7 sit and act at such times and places, take such testimony, and  
8 receive such evidence, as the Commission considers appropri-  
9 ate.

10 (B) **POWERS OF MEMBERS AND AGENTS.**—Any  
11 member or agent of the Commission may, if so authorized by  
12 the Commission, take any action which the Commission is  
13 authorized to take by this section.

14 (C) **OBTAINING OFFICIAL DATA.**—The Commission  
15 may secure directly from any department or agency of the  
16 United States information necessary to enable it to carry out  
17 this Act. Upon request of the Chairman of the Commission,  
18 the head of such department or agency shall furnish such  
19 information to the Commission.

20 (D) **GIFTS.**—The Commission may accept, use, and dis-  
21 pose of gifts or donations of services or property.

22 (E) **MAILS.**—The Commission may use the United  
23 States mails in the same manner and under the same condi-  
24 tions as other departments and agencies of the United States.

1       (F) ADMINISTRATIVE SUPPORT SERVICES.—The Ad-  
2 ministrator of General Services shall provide to the Commis-  
3 sion on a reimbursable basis such administrative support  
4 services as the Commission may request.

5   **SEC. 304. REPORT.**

6       (A) IN GENERAL.—The Commission shall transmit a  
7 final report to the President and to each House of Congress  
8 not later than twenty-four months after the date of comple-  
9 tion of appointments of the members of the Commission.

10       (B) CONTENTS.—Such final report shall contain—

11               (1) the descriptions referred to in section 3(1);

12               (2) the financial accounting and management  
13 system referred to in section 3(2);

14               (3) the implementation plan referred to in section  
15 3(3); and

16               (4) the recommendations referred to in section  
17 3(4).

18   **SEC. 305. TERMINATION.**

19       The Commission shall cease to exist thirty days after  
20 submitting its final report pursuant to section 8.

21   **SEC. 306. AUTHORIZATION OF APPROPRIATIONS.**

22       There is authorized to be appropriated \$4,000,000 to  
23 carry out this Act, to be available until the termination of the  
24 Commission.

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